

To: Former Premier Enrollees

From: Mark D. Tharp
Special Deputy Receiver of Premier HealthCare of Arizona

Date: January 31, 2000

Re: Health Care Providers – Collection Efforts

As you may know, on November 16, 1999, Premier HealthCare of Arizona, Inc., an Arizona HMO, was placed in Receivership, and Director of Insurance, Charles R. Cohen, was appointed as its Receiver.

A Receivership action is very similar to a bankruptcy. The Receiver collects the HMO's assets, determines how much the HMO owes to its creditors, and distributes the available funds to those creditors, based on A.R.S. §20-629. This process has been started at Premier, but it will probably take several months before we know whether Premier's creditors will be paid in full or not.

In the meantime, you may be contacted by a doctor, a hospital or other health care provider, trying to collect from you amounts owed by Premier. Providers may even hire collection agents to try to collect.

Arizona Law prohibits certain health care providers from attempting to collect certain amounts from HMO enrollees. The following information should help you determine your rights if a health care provider attempts to collect from you.

- **It is against the law for contract providers to attempt to collect from enrollees amounts Premier owes the providers.** "Contract providers" or "in-network providers" are doctors, hospitals, pharmacies and other health care providers that were under contract with Premier at the time the service in question was rendered.
- **Contract providers may only bill Premier enrollees for deductibles, co-payments and services NOT covered by Premier.**
- **DO NOT PAY** any amount owed by Premier to contract providers for covered services. The Receiver will make every effort to pay all providers in full.

As a Premier enrollee, you may have received health care services from health care providers that were not part of Premier's network because you needed emergency medical treatment or received authorization from Premier to obtain treatment from a "non-contract" or "out-of-network" provider.

- Generally, non-contract providers are permitted to collect from enrollees all amounts owed for the services they rendered.
- However, the Receivership Court Order prohibits non-contract providers from collecting from Premier enrollees as long as the enrollees are covered by Premier.
- Therefore, non-contract providers are permitted to collect from Premier enrollees after **EITHER** the enrollees terminate their coverage with Premier **OR**, in case of Medicare beneficiaries, after HCFA terminated its contract with Premier on December 1, 1999.

If you are contacted directly by a provider or through a collection agent, you may want to do the following:

- If you are unsure if the provider was on contract with Premier at the time the service in question was rendered, you may call or write Premier to find out.
- If you are sure the provider trying to collect from you was an "in-network" or contract provider, send the provider a copy of the attached law and tell the provider that it is against Arizona law for contract providers to collect from enrollees.
- If you are uncomfortable discussing these matters with the contract provider or collection agent, or if the contract provider or collection agent continues to try to collect from you even after being told it is illegal to do so, call or write Premier at the phone number and address given below.
- If you are sure the provider was not on contract with Premier, and you pay any or all of the amounts owed by Premier, you have a claim for reimbursement from Premier. If you present your claim to Premier, the Receiver will make every effort to reimburse you if sufficient funds are available.
- If you are unable to work out all acceptable arrangements with non-contract providers attempting to collect from you, you may call or write Premier. While we cannot guarantee payment to any non-contract provider, we will explain the process to the providers and will ask the provider to put off collecting from you until we determine how much of the outstanding claims Premier will be able to pay.

- If you think you are being harassed or otherwise mistreated by a provider, contact the Office of the Arizona Attorney General's Office, Consumer Protection and Advocacy Section, at (602) 542-3702. If you think you are being harassed or otherwise mistreated by a collection agent, please contact the Arizona State Banking Department at (602) 255-4421.

We realize this situation may be distressing for you, and we are committed to helping you in every way possible. Please call Premier Member Services at (602) 200-2457 or toll free at (888) 590-2457. The first available representative will assist you. You may also write to us at:

Premier HealthCare of Arizona
3838 North Central Avenue, Suite 500
Phoenix, Arizona 85012

20-1072. Nonliability of enrollees for provider charges

- A. Every written contract between a health care services organization and a provider shall set forth that if the organization fails to pay for covered health care services as set forth in the enrollee's evidence of coverage or contract the enrollee is not liable to the provider for any amounts owed by the organization and the provider shall not bill or otherwise attempt to collect from the enrollee the amount owed by the organization.
- B. If the written contract between the contracting provider and the organization fails to contain the required prohibition stated in subsection A, the enrollee is not liable to the contracting provider for any amounts owed by the organization.
- C. No contracting provider or agent, trustee or assignee of the contracting provider may maintain an action at law against an enrollee to collect any amounts owed by the organization for which the enrollee is not liable to the contracting provider under subsection A.
- D. Nothing in this section impairs the right of a provider to charge, collect from, attempt to collect from or maintain an action at law against an enrollee for any of the following:
1. Copayment or coinsurance amounts.
 2. Health care services not covered by the organization, including out of area claims that are not paid by an organization on behalf of an enrollee.
 3. Health care services rendered after the termination of the contract between the health care services organization and the provider, unless the health care services were rendered during confinement in an inpatient facility and the confinement began prior to the date of termination, or unless the provider has assumed post-termination treatment obligations under the contract.
- E. Nothing in this section prohibits an enrollee from seeking health care services from a contracting or noncontracting provider and accepting financial responsibility for these services.
- F. No provider may charge an enrollee of a health care services organization more than the amount the provider contracted to charge the enrollee pursuant to the provider's contract with the health care services organization.
- G. Nothing in this section prohibits any person from informing an enrollee of either the cost of health care services performed or the status of any bill submitted to an organization in connection with health care services provided to an enrollee. Any information provided to an enrollee pursuant to this subsection shall include a statement that the information is not a bill and is for the enrollee's information only.
- H. Unless preempted under federal law or unless federal law imposes greater requirements than this section, this section applies to a provider sponsored health care services organization.